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## ADMINISTRATION AND ACCOUNTS

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Friday, October 26, 2007

Dear Shareholder,

Your company has recorded another satisfactory year of activity. The Annual Report, which shows a profit being recorded, is attached. As with a number of previous years, land sales form an integral part of the profit generated.

On an operational level, the Pakenham facility remains a strong performer with day-to-day operations becoming much smoother over the last twelve months. South Gippsland cattle operations are now centred on VLE Leongatha with the closure of Yarram and Korumburra operations (after balance date); the sheep and lamb operations will continue at Korumburra for another twelve months.

Traralgon continues quietly on a low level of activity with limited potential for growth; it is, however, a structurally sound facility with no concerns regarding environmental compliance, worker safety, animal welfare etc. Whereas the Sale facility is of continuous concern with environmental, infrastructure, animal welfare, maintenance, worker and public safety problems continually presenting themselves and adding to the cost of operations.

Pakenham and, now, Leongatha are attracting many visitors from interstate and overseas. The traceability of livestock and the efficiency of using VLE's single weigh systems are of great interest to the many visitors.

Enclosed in this envelope is a letter from our Chairman, Chris Sleight, briefly outlining the company's future direction and details of a share buy back proposal. There is also much more detail in the supporting documents which hopefully you will choose to read. The summary of all this paper is that being listed on the NSX (Newcastle Stock Exchange), previously the BSX (Bendigo Stock Exchange), has not worked for the VLE or its shareholders. VLE is therefore offering to buy back the shares of smaller shareholders at \$1.85 each as the first step in the process of de-listing from the stock exchange. The buy back is not compulsory; each shareholder is free to make his / her own decision. It is the obligation of the board to inform you of the direction of the company so that you can make an informed decision. Should you have any queries on this matter please feel free to contact me by telephone on 0429 133 878.

As always, I thank you for your support over the year past and take the opportunity to commend acceptance of the buy back offer to those who are eligible.

Yours faithfully,

Graham Osborne  
Managing Director